GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:1973
ANSWERED ON:21.07.2004
REVIVAL OF ITI UNITS
Krishnadas Shri N.N.

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether all the units of the Indian Telephone Industry are facing serious financial crisis;

(b) if so, the details and the reasons therefor; and

(c) the steps taken by the Government to revive and protect the ITI units in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir. Though Palakkad unit of ITI is making some profit, it cannot be taken as separate entity as many functions like marketing, monitoring, financing etc. are performed by Corporate Office of the Company at Bangalore.

(b) Loss making units in the year 2003-04

Unit Amount (Provisional) (Rs. in crores)

i) Bangalore 194.55
ii) Naini 139.12
iii) Rae Bareli 160.02
iv) J&K, Srinagar 5.62
v) Mankapur 115.16
vi) ECU, Bangalore 15.75

Profit making units:

(i) Palakkad 1.81

Reasons for losses:

(i) Technological changes and shift in market requirement from the traditional fixed line equipment to mobile and inability of ITI to keep pace with these changes.

(ii) Huge surplus manpower because of change in technology from electromechanical to electronics.

(iii) Large overheads due to multiplicity of the manufacturing units.

(c) Some of the major steps taken by the Government:

(i) Reservation quota orders up to 30% for procurements done by BSNL/MTNL for the products manufactured by ITI.

(ii) Advance payment of 75% of the purchase orders against the above reserved quota orders.

(iii) Government guarantee to the Company for raising funds for giving VRS to its employees.

(iv) Government has announced a revival package of Rs. 508 crores in the ongoing Budget Session.